

Testimony of
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before the
Committee on Human Services, District of Columbia

Fiscal Year 2004 Budget Request

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Good morning, Chairwoman Allen and members of the Committee on Human Services. I am Olivia Golden, Director of the D.C. Child and Family Services Agency, and I am delighted to have this opportunity to present the Mayor's FY04 budget request for CFSA. In today's environment of fiscal constraint, this budget request demonstrates Mayor Williams' deep commitment to safety, permanence, and well being for the District's abused and neglected children and to continued rapid movement towards compliance with the Modified Final Order in the *LaShawn* Federal lawsuit. The Mayor's FY04 request for CFSA builds on the progress of the past two years to maintain momentum towards change for children and families and the required pace of court compliance. Specifically, based on our best estimates at this time, the Mayor's FY04 request reflects the cost of achieving the pace of change that the Federal Court is about to mandate through an Implementation Plan leading to eventual compliance with the Court's Modified Final Order. At the same time, the request demonstrates responsible fiscal management and an intense focus on Federal revenue collection.

I would like to begin by thanking Chairwoman Allen, the Committee, and the Council as a whole for your dedicated support of abused and neglected children and their families in the District of Columbia, and in particular for your ongoing commitment to the reform efforts at CFSA over the past two years. The District's major early progress – measured by real changes in children's

lives and by the termination of the Federal Court Receivership and the subsequent probationary period – could never have happened without the commitment of this Committee and the Council to the investments needed to increase staff, support providers to offer higher quality services, and increase resources available to foster and adoptive families. Your confidence in the District’s reform agenda for child welfare and in CFSA’s future as a cabinet-level District agency and your investment of critical local resources in abused and neglected children have paid off in early progress. Now, the task is to maintain the momentum so we can keep up the urgent task of reform for our children, as well as move forward to meet the next benchmarks set by the Court on the way to eventual compliance with the full Modified Final Order. If we do not continue to move forward, we will have missed a critical opportunity for our children, and we will risk a return of intensified court involvement. I know that we all share the goal of moving forward both for our children and families and to meet the expectations of the Federal Court.

Overview of Budget Request

CFSA’s FY04 budget request is \$201 million in the line item, plus \$18.7 million in the Medicaid Reserve, for a total of \$219.7 million. This represents, a modest increase over FY03. Based on our best current estimates, this request is sufficient to meet the Implementation Plan expected to be ordered by the Federal Court. That Plan will lay out steps the District must take over the next few years to comply with the Modified Final Order. Among numerous mandates, we expect that in FY04, the Implementation Plan will require continued progress in:

- reducing caseloads of social workers;
- increasing adoptions;

- developing more foster care placement options and supporting them more effectively so fewer children live in group homes;
- broadening community services available to children, parents, and foster parents;
- improving health and mental health services available to children;
- ensuring providers meet licensing standards, such as increasing and improving the quality of staff; and
- staffing critical support functions such as contract management, training, and quality assurance.

Because the need to achieve positive change for children is so urgent, the Court will set deadlines, with specific benchmarks, of every six months--or even more frequently. This means budget resources must be available as planned.

Our FY 04 budget request includes funds for the following critical improvements.

- \$1.1 million will cover final steps in unifying abuse and neglect investigations as mandated by the Federal Court and District statute. This will pay the salaries of social workers for functions transferred from the Superior Court.
- \$2.4 million will fund 88 new positions budgeted in FY03 to move towards staffing requirements of the Modified Final Order. These staffing requirements include Licensing and Monitoring, social workers, social work supervisors, and social work support staff.
- \$1.4 million will support a projected increase in adoption subsidies as more special-needs children are adopted from foster care.
- Finally, \$650,000 will fund the annual rate increase for foster parents mandated by the *LaShawn* Modified Final Order.

Our FY04 budget includes savings from efficient management of administrative functions (such as telephone and cell phone services) and estimates of likely vacancies even with aggressive recruitment.

One other key change in the CFSA request is that the District added \$11 million in local funding to offset a reduction of the same amount in TANF funding previously available through an Inter-District transfer. This funding supports nonprofit providers and the Healthy Families/Thriving Communities Collaboratives, who offer critical, community-based prevention, support, and family preservation services. This District commitment ensures a stable funding base for these direct services to children and families as well as compliance with the Modified Final Order.

Federal Revenue Plans and Medicaid Reserve

In FY04, \$18.7 million is earmarked for CFSA in the District's Medicaid Reserve. These funds serve as a backup to the City's strategy for increasing Federal revenues.

- \$6.0 million is available in the event Congress does not pass legislation increasing the Federal match rate for Title IV-E to 70 percent, consistent with the Medicaid match rate.
- \$12.7 million is available, pending the level of Medicaid collections CFSA achieves. This is the difference between the appropriately cautious \$32 million in Medicaid collections the CFO's office has certified--the same level as in FY02--and the level CFSA is aiming to produce. By placing these resources in the Reserve, the District is covering the risk of not achieving an ambitious target while continuing to work extremely hard to reach the target. Based on aggressive Medicaid collection strategies and crosscutting work to build the Medicaid claiming infrastructure led by the Deputy Mayor, City Administrator, and

Office of Medicaid Public Provider Reform, CFSA is seeking to achieve \$42 to \$45 million in collections, depending on the pace of cost audits leading to potential rate adjustments. If CFSA fully achieves this goal, the Reserve will not be needed. If CFSA collections fall between the certified level and the ambitious target, some--but not all--of the Reserve will be needed. The rest will come from increased Federal revenues.

As part of the District-wide Medicaid reform effort, CFSA has made major progress in claiming and reimbursement. In FY02 and FY03, we improved in both of the areas that determine the level of reimbursement we can successfully claim. First, we improved our ability to document Medicaid-eligible events in a Federally-approved record keeping system. Second, we are working towards Federal certification of a revised and final Medicaid cost allocation rate. Specifically:

- Documentation and Claiming. In 2002, the Federal government approved CFSA's automated case management system, FACES, as the basis for Medicaid reimbursement. This is important because rather than going back to the uncertainties of claiming from paper records, we now have an approved automated, timely, and reliable means of claiming.
- Cost Allocation Plan and Rate Improvements. In regard to the Federally-approved Medicaid cost allocation plan, the District has engaged outside experts to complete this plan and help us gain Federal approval. That will establish the basis for updating our current low rate set in 1999. We anticipate a near-final draft of the plan this week.

- District-Wide Support for Improvements. Supporting both these improvements is the District's structure for managing Medicaid reform among public providers. CFSA attends biweekly meetings with the City Administrator, Deputy Mayor, and others that enable us to rapidly resolve any issues impeding progress.

To give a sense of progress to date, in FY02, CFSA collected \$32 million in current-year Medicaid revenue. At the same time, in FY02 we cleaned up past billing problems dating from manual claiming in FY99 through FY01, which lowered collections for those years. In FY03, we will realize the benefits of completing this clean-up, as the necessary reductions to past Medicaid collections have now been taken and should not recur in the future. In FY03, now that we are tracking claims via automation, we can already report substantial increases in Medicaid-billable contacts with children. We have gone from 1,334 billable contacts a month in 2000 to 1,774 billable contacts a month in 2001 to 1,906 billable contacts a month in 2002 to 2,550 billable contacts per month year to date in 2003. We anticipate that this trend will continue for the rest of 2003 and into 2004. With these increases, plus work on the cost allocation plan and rate increases, we are working hard to achieve a substantial increase for FY04.

However, because we are seeking to accomplish an ambitious target, it is also important to note the risks. In case these risks materialize, the District's choice to handle this uncertainty through a Reserve and the CFO's appropriately cautious approach in certifying revenue ensure that both the District and children will be protected. Among the risks are unanticipated problems in billing, changes in direction from the Federal government, and the impact on Medicaid claiming of additional time that must be devoted to HIPAA (Health Insurance Portability and

Accountability Act) compliance. The District's Office of Medicaid Public Provider Reform, in conjunction with CFSA and the other agencies involved, is committed to keeping the Council informed throughout the year of the most current available Medicaid estimates.

**At Stake in This Budget Request:
Safety and Permanence for Children, Continued Progress in *LaShawn***

In my testimony about CFSA performance before you last month, I reported that the District has arrived at a moment of unprecedented opportunity: first, to establish the strong public child protection program local children and families deserve and second, to implement the Modified Final Order and end the *LaShawn* lawsuit over the next several years. Our FY04 budget is essential to achieving both these goals.

CFSA is at a critical juncture in the *LaShawn* lawsuit. In January, U.S. District Court Judge Hogan certified that CFSA had completed its probationary period, as a result of meeting 75 percent of 20 performance standards. The next step is to achieve the full vision and requirements laid out in the Modified Final Order, which is the original consent decree the District signed in 1993. A detailed Implementation Plan, which has been negotiated among the District, Federal Court Monitor, and plaintiffs over several months, will dictate CFSA's schedule for complying with the Modified Final Order. We now expect the Court Monitor to submit the Implementation Plan to the Court sometime next week.

While we do not yet know all the specifics of the Implementation Plan, we anticipate being held accountable for specific strategies and rigorous outcomes across the full array of CFSA functions. We also expect to have interim deadlines and, overall, only about three years--until

late 2006--to meet all compliance requirements. CFSA's FY04 budget has a critical role to play in this process. At this juncture in the *LaShawn* suit, it is essential that the budget demonstrate that the District is committed to staying the course and building on the foundation of progress to date. For that reason, our FY04 budget request represents our best current estimate of the level of support necessary to meet the stringent goals and time frames of the critical first year of the Implementation Plan.

The Implementation Plan and Modified Final Order are consistent with the vision all of us share of the safety net our community must build for abused and neglected children and troubled families. That vision is of a District where:

- Prompt, thorough investigations protect children at risk and screen them appropriately for health and mental health issues and
- A broad range of neighborhood-based services allows children to remain at or return home safely—and when that is not possible, children grow up in nurturing adoptive families.

It is a District where:

- Children almost always live with families and only rarely in group settings.
- Foster children have as much continuity and stability as possible, including opportunities to live with their brothers and sisters, to bond with one foster or kinship family rather than move among many placements, and to see their parents often as long as reunification is the goal.
- All placement settings meet rigorous licensing standards and are frequently monitored to give us confidence that children are safe and supported in their development.

- Support is readily available to help foster, kinship, and adoptive parents' meet children's health, mental health, and other needs.

It is a District where:

- Social workers have manageable caseloads and routinely provide quality case management while expanding their skills through regular training,
- Key functions— such as contract management, clinical support, quality assurance, planning, and needs assessment--are in place, fully staffed, and supporting quality services.

As we work to turn this vision into reality, here are some examples of how CFSA's FY04 budget supports continued progress for children and momentum toward ending the lawsuit.

- It allows for **sufficient casework staff** to reduce individual caseloads to the levels of the expected Implementation Plan first-year targets. In turn, lower caseloads should result in more timely and higher quality investigations, more timely and higher quality case plans, and increased visits to children. The FY04 budget contains specific resources to support this goal, building on the new social worker positions (along with the corresponding positions for social work supervisors and social work aides to support the case-carrying units) that have just become available to reduce caseloads with Congressional passage of the FY03 budget. The new social workers hired into these positions this summer, after their graduation from MSW and BSW programs, will go through our training units and become full case-carrying staff in the first quarter of FY04. The FY04 budget includes \$2.4 million to ensure that we can staff at this level for the whole year, as well as \$1.1 million that was held in a Reserve in FY03, which is intended to ensure that our base

budget is fully funded for the social work positions transferred from the Court as a result of the unification of abuse and neglect services.

- It supports **placing more children in family-like settings**, which we must demonstrate through further reductions in the number of young children in group care and greater increases in the number of siblings placed together. The \$650,000 in the FY04 budget for the court-mandated rate increase for foster families is a key part of this strategy.
- It provides the resources to **improve recruitment of and support for adoptive families**, which should speed and stabilize adoptive placement for children with the goal of adoption. Specifically, the FY04 budget includes \$1.4 million to support increased adoption subsidies, which help families who adopt children with special needs from our foster care system.
- Our FY04 budget will support important – but early – progress in **increasing the availability of health, mental health, and other services** to assist troubled families so more children can remain safely in their homes and so foster children can achieve greater stability. Our plan in FY04 is to accomplish these improvements through close partnership with the Department of Mental Health and through our contract reform strategy which will redirect resources from more expensive congregate placements to critical early services.
- Finally, FY04 funding will support **licensing and monitoring of all group homes and Independent Living facilities**. Specifically, the new FY03 positions just made available on Congressional passage of the budget include not only social work positions but also 20 positions to fully implement our licensing and monitoring regulations; the FY04 budget includes the resources to fund these positions for the full year.

In addition, FY04 is our first year under the District's Performance Based Budgeting (PBB) process. We worked hard to link this Performance-Based Budget and our Strategic Business Plan to our vision and the Federal Court's Implementation Plan. Our PBB has five specific program areas: Child Welfare Program, Out-of-Home Care and Support, Adoption and Guardianship Subsidy Program, Community-Based Program, and Agency Management. Each has a distinct link to the Implementation Plan: for example, the Child Welfare Program, which includes our investigation and case management services, includes many performance measures such as the percentage of timely investigations and the timely achievement of permanency for children which will be laid out in the Implementation Plan. Similarly, the Out-of-Home Care and Support Program reflects in its outcome measures our goals for placing children in families and improving placement stability by looking at case plans and frequency of visitation by social workers. However, since the Implementation Plan is not yet approved, our PBB is a work in progress, and there may be some modifications in the exact measures and standards that we aim to achieve year-by-year even as the goals and vision remain the same.

A brief description of each program follows.

The Child Welfare Program includes our core case management services for children from the time of a report of abuse or neglect until permanency is achieved. The major activities are Intake and Investigations, In-home and Reunification Services, Adoptions, and Teen Services. The Implementation Plan is likely to contain numerous measures that require significant performance improvements in these core areas of child welfare practice, ranging from timeliness of quality investigations to visitations, improvement in staffing ratios, completion of timely and high

quality case plans, and timely achievement of permanency for children in safe and stable families.

The Adoption and Guardianship Subsidy Program provides financial support for adoptive parents after children move to permanence. In FY02, we finalized 313 adoptions and expect to achieve our goal of 330 adoptions this year and 360 in FY04. The total number of children with ongoing adoption subsidies has increased dramatically in the District in recent years, from 1,226 in FY99 to 1,800 currently, to a projected 2,000 in FY04. This reflects important progress in moving towards the requirements of the Federal and District Adoption and Safe Families Act, the Implementation Plan, and our shared vision that when children cannot go home, they will be able to grow up in a loving adoptive home. Since the majority of children adopted are eligible for adoption subsidies that continue until age 18, funding for adoption subsidies is cumulative: that is, each year's adoptions add to the adoptions from earlier years until children reach young adulthood.

The Out-of-Home Care and Support Program provides placement in an environment that provides health and related services to children living away from home and in CFSA custody so they can be safe and nurtured until they are reunited with their families or placed in a permanent home. Activities under this program are Child Placement, Family Resources, Licensing and Monitoring, Health Services and Clinical Support, and Interstate Compact for the Placement of Children. An example is the major progress we have made in reducing the number of children under age 13 in congregate care. This would not be possible without identification of good foster/adoptive homes and the strong multi-disciplinary approach adopted by the Office of

Clinical Practice, which supports a more stable and appropriate placement strategy for each child. The Implementation Plan is likely to include many performance measures in this area, including not only the reduction in congregate care for young children but placement stability, reduction of multiple placements, increase in children placed with siblings, increase in the number and percentage of licensed settings, and placement of children in the most family-like and appropriate setting that meets their needs.

The Community-Based Services Program is our effort at creating a strong, neighborhood-based , public-private partnership in child welfare. Our Collaboratives are a good example of the strength and value of community-based partnership. Prevention Services help troubled families and at-risk children in their communities and keep them out of the system. Supportive Services provide neighborhood-based assistance to parents engaged with the system and attempting to resolve their difficulties while children remain at home—and to parents hoping to reunite with their children in foster care. After-Care Services support families following reunification. Involvement in neighborhood-based programs and services helps parents provide a safe, nurturing environment for their children, especially in the aftermath of a family crisis.

Finally, the Agency Management Program provides operational support and tools to achieve programmatic results. Without reengineering our contracting process and improving hiring and retention of social workers, we would be unable to meet the goals of safety, permanence, and well being for children. Recognizing the critical importance of these infrastructure functions, the Implementation Plan is likely to include many specific measures and activities in these management areas, from information systems to contracts reform to revenue collection.

At the end of last month, CFSA had a total of 5,323 cases within child welfare. These cases included 3,048 children in out-of-home care, and 2,275 families with children in the home. In addition, the Hotline received 741 calls last month, which included 539 child protective services calls, of which 520 resulted in investigations. Last month, an investigative worker was carrying fewer than 10 investigations, on average, while an In-Home Re-unification, Adoptions, or Teen Services worker had about 23 cases on average. Because averages can be misleading, we are working very hard to reduce the number of workers who are the most over-burdened, and we have just accomplished our April 1 goal that no ongoing worker should have more than 39 cases; only 47 ongoing workers had more than 30 cases agency-wide, compared to 34 workers who were carrying caseloads over 40 and under 70 and another 26 carrying caseloads in the 30-39 range as of September 30, 2002. While these accomplishments represent progress, we know we have much more to do, and we will continue to bring caseloads down to reach levels prescribed in the Modified Final Order.

Building on Progress: How District Investments Have Paid Off for Children

Our FY04 budget request is designed to allow continued momentum building on the important work begun in the last two years. I want to express again my gratitude to Chairperson Allen, to the Committee, and to the Council as a whole for your ongoing commitment and support for this work. If it weren't for the District's major investments in these past two years, these early achievements would not have been possible. Maintaining these investments and staying the course for the coming years is the critical next step towards accomplishing true reform. I

testified in detail about this important but early progress at our Oversight Hearing, so I will just mention a few specific areas briefly today.

- **Social Worker Recruitment and Retention:** In the past two years, we have increased the number of social workers, held steady in terms of retention, and substantially reduced caseloads.
- **Investigations:** We have steadily reduced the number of backlogged investigations, improved the timeliness of initiating and closing investigations, and are currently implementing new standards focused on improving quality. These improvements have happened at the same time that we have taken on the responsibility for abuse investigations, previously with the Metropolitan Police Department, and created for the first time in the District the capacity to investigate Institutional Abuse – abuse or neglect occurring in out-of-home care.
- **Training:** We have established an in-house Training Academy that is designing and delivering high quality pre-service training and customized ongoing training classes to social workers.
- **Licensing Standards:** In FY03, we began implementing tough licensing standards for group homes and Independent Living programs to ensure the safety and well being of children in our care.
- **Ensuring that Young Children Live in Family Settings:** Through enhanced clinical support for our placement decisions, a revamped placement process, and improved services to support family placements for children, we have sharply reduced the number of children under 13 in group rather than family settings.

Progress Through Partnerships

To accomplish these and other early improvements in child and family well-being, we have worked closely with a range of critical partners: biological, foster, kinship, and adoptive families; nonprofit service providers; the Healthy Families/ Thriving Communities Collaboratives and other community-based organizations; and our colleagues in other District agencies and in the Superior Court. The FY04 budget reflects the critical role of these partnerships. Specifically, the resources in the FY04 budget break down approximately as follows:

- \$58 million supports children and families through CFSA staff.
- Approximately \$51.4 million supports a range of services offered by non-profit providers to children and families including congregate care and the Healthy Families/Thriving Communities Collaboratives.
- \$55 million provides financial support to foster families, including kinship and proctor parents and both traditional and therapeutic care.
- \$20.8 million provides financial support to adoptive parents through adoption subsidies.

Ongoing Reviews of CFSA Progress

In addition to the Committee's oversight, CFSA is subject to scrutiny and input from several independent authorities, and we have also sought independent expert review and advice wherever possible. As a result, both our progress and momentum—and the long way yet to go to build a strong local safety net—have been well documented over the past several months.

- Last October, the Court Monitor certified that CFSA had met 75 percent of 20 ambitious performance goals. As a result, Judge Hogan ended CFSA’s probation in January. Next steps highlighted in the Court Monitor’s report included some of the key areas covered in this FY04 budget request, such as social worker staffing (leading to improvements in visitation of children), legal activity to free children for adoption and licensing of foster homes.
- Also last October, the Council for Court Excellence (CCE) reported that “the DC Superior Court, CFSA, and the Office of Corporation Counsel are working collaboratively to make major structural changes that will position the city to achieve dramatically improved outcomes for children.” At the same time, CCE cautioned: “City leaders also must address the chronic shortage of staffing, resources, and services for families. System reform is difficult and slow.”
- Last week, in testimony before the Senate Subcommittee on the District of Columbia, the General Accounting Office stated: “CFSA has taken actions to address various Adoption and Safe Families Act requirements and met several selected performance criteria, enacted child protection and foster care placement policies and procedures, and enhanced its working relationship with the D.C. Family Court; however, much remains to be done.” While the GAO’s draft report is not yet available, we anticipate from the testimony and oral briefings that key next steps identified by the GAO will include many of the issues that are high priorities in our Strategic Business Plan and supported by this FY04 budget, such as improvements in the process for terminating parental rights which will in turn lead to more prompt adoptions when children cannot go home.

- We are currently awaiting a written report from the Annie E. Casey Foundation that should recommend ways to strengthen our placement policies and processes. Members of the Casey technical assistance team spent two days in late January reviewing our procedures and conducting focus groups with staff, foster parents, and community partners and provided preliminary suggestions orally at that time.
- Finally, CFSA is gaining valuable assistance from our National Advisory Panel composed of 10 nationally-recognized leaders in child welfare, including leaders from academia, public child welfare agencies, nonprofit agencies, and the judicial system. Currently, we are seeking recommendations from panel members to help us take the next steps in improving judicial interface, fine-tuning our contract reform, strengthening social worker recruitment and retention, and enhancing the delivery of key health, mental health, and related services to children and parents in the child welfare system. In addition, the panel members have provided valuable experience on the timing and pace of reform: they urge moving fast to send a clear signal about the vision, as we are seeking to do in our contract reform as well as our internal expectations, at the same time that they counsel an understanding that we are only two years into what will be a multi-year reform process. For example, in a recent op-ed piece in *The New York Times*, William Bell, who heads child welfare in New York City and is a member of our National Advisory Panel, wrote that child welfare reform in large urban areas takes five to 10 years.

Conclusion

Because of the Committee's and the Council's steadfast support for reform at CFSA, along with the deep commitment of Mayor Williams and Deputy Mayor Graham, we have reached a critical moment for the District's most vulnerable children and their families. In the past two years, the District has demonstrated to the Federal Court its capacity to invest the resources and create the momentum needed to build a true safety net for abused and neglected children, leading to the Court's termination of both the Receivership and the Probationary Period. Yet we cannot rest now. We have a formidable task ahead of us: maintaining this momentum through a series of tough deadlines and benchmarks for three more years until we reach our goals for children. The Mayor's FY04 budget request for CFSA allows us to stay the course, to meet the Court's expectations and our own sense of urgency. With deep appreciation for your past dedication to the task of child welfare reform in the District, I ask for your continued support.

Thank you, and I look forward to any questions.